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SUBJECT: Status of the Peace Process

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Central Intelligence Agency



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Directorate of Intelligence

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Status of the Peace Process [REDACTED]

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Summary

Since King Hussein called a halt to his dialogue with PLO Chairman Arafat in February 1986, all players in the process have been reassessing their options. Prospects for talks between Israel and Arab representatives in the next several months are dim. Jordan and Israel currently are focusing on efforts to boost the status of pro-Jordanian moderates in the West Bank and Gaza Strip. This plan--which both Jordan and Israel realize will take years of steady, coordinated action to bear fruit--is intended to create a West Bank/Gazan leadership to serve as Palestinian representatives with Jordan in peace talks. Israel, the US, Egypt and Jordan are likely to focus on preliminary talks on an international conference in the next few months.

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Frameworks for Negotiations

Israel's unity government is willing to negotiate with a joint Jordanian non-PLO Palestinian delegation. Prime Minister Peres last year approved the participation of two PLO-approved Palestinians in peace talks. Efforts to work out a negotiating framework foundered when Arafat refused to endorse U.N. Resolution 242, which recognizes Israel's right to exist within secure borders. [REDACTED]

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This background memorandum was requested by Patrick Walsh, Office of the Secretary of Defense, International Security Affairs, Near East South Asia Region; and prepared by [REDACTED] the Israel-Jordan-PLO Branch, Arab-Israeli Division, Office of Near Eastern and South Asian Analysis. Information as of 18 September 1986 was used in its preparation. Questions and comments should be addressed to Chief, Arab-Israeli Division, [REDACTED]

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No Israeli government, however, would negotiate with the PLO. Unlike Labor, the Likud bloc also would bar Palestinians closely associated with the PLO. [REDACTED]

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International Framework and Soviet Involvement

Jordan, Egypt, and the PLO want peace negotiations to take place with international sanction, preferably sponsored by the United Nations Security Council. Israel's unity government has approved the concept of an international framework to negotiations, but neither Labor nor Likud want the Soviet Union to have an influential role and insist that actual negotiations be conducted directly between Israel and individual Arab states. Both Labor and Likud leaders have said publicly that Moscow must restore normal diplomatic relations before they will agree to any Soviet participation. [REDACTED]

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Nevertheless, Peres might consent to some Soviet involvement before the reestablishment of ties if Israeli-Arab talks appeared imminent. The Israelis would probably become more flexible on Soviet involvement in the unlikely event Moscow allowed large-scale emigration of Soviet Jews. [REDACTED]

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The Impact of Rotation in Israel

Peres has been the driving force behind Israeli efforts to find an acceptable negotiating framework for peace talks. After Peres and Foreign Minister Shamir switch offices in mid-October, Peres intends to continue his efforts, but giving up the premiership will diminish his power and prestige. [REDACTED]

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Shamir will not push hard for peace negotiations as prime minister. As long as the unity government survives, the Israeli position on negotiations will be constrained by Likud's inflexibility. The Labor Party would be reluctant to risk new elections over the issue of peace talks unless an agreement on direct negotiations with Jordan and non-PLO Palestinians had already been worked out. [REDACTED]

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King Hussein's Palestinian Strategy

Since Hussein's 19 February speech announcing that Jordan could no longer "coordinate politically" with Arafat--after his failure to demonstrate greater flexibility on peace negotiations with Israel--the King has sought to undermine Arafat's leadership of the PLO. To this end, the King undertook a longterm strategy designed to build a moderate Arab consensus isolating Arafat. [REDACTED]

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He hoped his efforts to broker a Syrian-Iraqi reconciliation, during meetings with President Assad and Saddam Husayn in May, would pave the way for an early Arab summit. The King, however, has not secured any commitments from Assad and Saddam and apparently has abandoned plans to arrange a summit.

[redacted] 25X1

He nevertheless has continued efforts to strengthen his ties to Assad and over time to work with him to weaken or destroy Arafat politically, thereby giving the PLO only a secondary role in future peace talks. [redacted] 25X1

Bolstering West Bank and Gazan Moderates

King Hussein--with tacit Israeli support--is now offering a range of inducements to encourage formation of an indigenous West Bank and Gaza leadership loyal to Jordan and willing to participate in peace negotiations. Jordan and Israel are focusing on steps to improve the quality of life for Palestinians in the territories as conducive to creating an atmosphere favorable for negotiations. [redacted] 25X1

[redacted] 25X1

Jordan is circulating a draft of a five-year development plan that calls for spending \$1.3 billion on agriculture, construction, education, health, and social welfare. The King's ability to repair his image in the West Bank by pouring in money, however, is severely limited by Jordan's economic problems. He will have to rely on outside help at a time when Arab financial aid to Jordan is declining. [redacted] 25X1

[redacted] Jordan hopes to coordinate appointment of mayors for the West Bank before the scheduled rotation of Israel's leaders. The prospect for an early appointment of mayors, however, is dim. Peres supports Jordan's efforts and favors giving West Bank municipalities greater responsibility for local affairs, but Likud may stymie movement on this issue if arrangements are not concluded by rotation. Moreover, Palestinian support for the PLO--and distrust of Jordanian intentions--is too strong to allow most West Bankers to back Jordanian-supported candidates. [redacted] 25X1

Despite Jordanian promises of protection, moreover, most West Bank leaders fear they would suffer the same fate as Nablus Mayor Zafir al-Masri, who was murdered by Palestinian radicals in March for allegedly cooperating with Israeli and Jordanian officials. The Israeli press reports that one leading mayoral candidate, Muhammed Jaabari of Hebron, already has withdrawn his candidacy because of threats and intimidation from Arafat supporters as well as Israeli settlers on the West Bank. [redacted] 25X1

Israel is tacitly supporting King Hussein's attempt to undercut the PLO's political infrastructure in the territories. Israeli leaders have long urged Hussein to crack down on the PLO and probably will continue to support Hussein's efforts by severely restricting pro-PLO activities in the occupied territories. Israel intends to crack down this fall on anti-

Jordanian student activities at universities on the West Bank and on pro-PLO media. [REDACTED]

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Other Issues

Peres advocates a Middle East "Marshall Plan" as another way to foster a favorable climate for peace in the region. Despite the political and economic difficulties of this Middle East Regional Economic Plan, Peres continues to push it aggressively in meetings with US and West European officials. He hopes that such international economic aid would encourage political stability in Syria, Jordan, and Egypt and give them greater incentives to pursue peace negotiations. [REDACTED]

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The plan envisions a total of \$20-30 billion in aid over a 10-year period. The major industrialized nations--the US, Western Europe, and Japan--are seen as the primary contributors. Multilateral financial institutions, development banks, and even individuals also would be asked to participate. [REDACTED]

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Egyptian-Israeli Relations

The Egyptian-Israeli agreement in September on arbitration procedures for the disputed Taba border strip removes a major distraction to the broader peace process. The arbitration process could be long, however, and Taba may still prove an irritant in bilateral relations. [REDACTED]

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Peres and Mubarak appear to have made little progress on negotiating frameworks for Arab-Israeli peace talks at their September summit. The nature of Palestinian representation in the talks remains a key stumbling point. [REDACTED]

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Palestinian Factionalism

King Hussein's 7 July closure of PLO offices in Amman and his continuing crackdown on Arafat supporters appear to have strengthened Fatah hardliners who oppose close cooperation with Jordan. These hardliners--apparently with some Soviet prodding--have pressed for formal abrogation of the Jordan-PLO accord of 11 February 1985 and reconciliation with Syrian-backed and neutral groups. Press reports indicate that a senior Fatah official recently met a delegation of neutral Palestinian groups in Moscow to discuss restoring unity among Palestinian factions under Soviet supervision. Syrian President Assad's steadfast opposition to Arafat's leadership of the PLO, however, makes reunification with most major Palestinian factions unlikely. [REDACTED]

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Prospects

At their summit meeting in Alexandria, Peres and Mubarak agreed in principle to consider an international peace conference on the Middle East, but no modalities were worked out. The issue

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[redacted]

of Palestinian and Soviet representation in such a conference is still a matter of dispute between Israel, Egypt and Jordan. In the next few months, these countries probably will focus on efforts to arrange a preparatory committee to work out arrangements for an international conference. Israel's Likud party is firmly opposed to an international conference and probably would be inflexible in considering the idea. [redacted] 25X1

Hussein faces an uphill battle in his longterm strategy to encourage the formation of an indigenous, pro-Jordanian West Bank leadership, particularly if Likud's leadership proves unwilling to follow through on quality of life issues. He will continue exploring opportunities to undermine Arafat, but the depth of Arafat's support suggests that few West Bank leaders are likely in the near term to join with the King. [redacted] 25X1